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OFFICIAL NOTICE OF SALE

$1,350,000 CITY OF MARTINEZ 1966 WATER REVENUE BONDS, SERIES C

(CONTRA COSTA COUNTY, STATE OF CALIFORNIA)

NOTICE IS HEREBY GIVEN that sealed proposals will be received by the City Council (the "Council") of the City of Martinez (the "City") at the office of the City Clerk, City Hall, 525 Henrietta Street, Martinez, Contra Costa County, California 94553, on

WEDNESDAY, NOVEMBER 17, 1976

at 3 P.M. for the purchase of $1,350,000 principal amount of City of Martinez 1966 Water Revenue Bonds, Series C (the "bonds"). The bonds are unvoted bonds issued in lieu of previously voted unissued bonds and are authorized to be issued under the provisions of a resolution of the Council adopted August 3, 1966, and a resolution of the Council adopted October 6, 1976 (together, the "resolution"), and pursuant to the California Revenue Bond Law of 1941 (except for the requirement of a bond election) and California Government Code Sections 53540-53541. Pursuant to said sections $1,350,000 principal amount of $6,000,000 aggregate principal amount of bonds authorized at an election held in the City on June 7, 1966, will be cancelled, effective on the date of delivery of and payment for the bonds, and shall not be issued. Of the issue of which said cancelled voted bonds were a part, $2,000,000 principal amount designated "Series A" and $1,250,000 designated "Series B" have heretofore been issued and the unmatured portions thereof are now outstanding. None of the remaining $1,400,000 principal amount of said authorized issue will be offered for sale before March 1, 1977. The bonds are more particularly described in the resolution (which is incorporated herein by reference) and a copy thereof will be furnished to any interested bidder upon request. The bonds are generally described below.

ISSUE, DENOMINATION AND DATE: $1,350,000, consisting of 270 bonds of the denomination of $5,000 each, numbered C1 to C270, both inclusive, all dated October 1, 1976.

INTEREST RATE: Maximum not to exceed 7½% per annum, payable semiannually on April 1 and October 1 in each year. Bidders must specify the rate or rates of interest which the bonds shall bear; provided that (i) all bonds maturing by their terms in any one year must bear the same rate of interest; (ii) each interest rate specified must be in a multiple of 1/20 of 1% and a zero rate of interest cannot be specified; (iii) the difference between the lowest and highest interest rates specified in any bid shall not exceed 2%; (iv) no bond shall bear more than one rate of interest, no interest payment shall be evidenced by more than one coupon, and supplemental coupons will not be permitted; (v) each bond shall bear interest from its date to its stated maturity date at the interest rate specified in the bid; and (vi) any premium must be paid in immediate San Francisco funds as part of the purchase price, and no bid will be accepted which contemplates the cancellation of any interest coupons or the waiver of any interest or other concession by the bidder as a substitute for payment in full of the purchase price in immediate San Francisco funds. Bids which do not conform to the terms of this paragraph will be rejected. Should an interest rate be specified which results in annual interest payments not being equally divisible between the semiannual coupons in cents, the first coupon will be reduced to the next lower cent, the second coupon will be raised to the next higher cent and all subsequent coupons for interest at that rate will alternate between the lower and higher figures.

MATURITIES: The bonds will mature as follows:

Maturity Date October 1 (all years inclusive)	Principal Amount	Maturity Date October 1 (all years inclusive)	Principal Amount
1978-1982	$ 5,000	1997	$185,000
1983-1987	10,000	1998	205,000
1988-1991	15,000	1999	220,000
1992-1994	20,000	2000	235,000
1995-1996	30,000	2001	250,000

REDEMPTION: Bonds maturing on or before October 1, 1986, are not subject to redemption prior to their respective maturity dates. Bonds maturing on or after October 1, 1987, are subject to redemption prior to their respective maturity dates, at the option of the City, as a whole, or in part in inverse numerical order, from any source of available funds, on any interest payment date on or after October 1, 1986, at the principal amount thereof and accrued interest to date of redemption plus a premium of ¼ of 1% of such principal amount for each year and for any fraction of a year remaining from the date of redemption to the fixed maturity date of the bonds so called for redemption, but not to exceed 3¾%.

PAYMENT: Both principal and interest are payable in lawful money of the United States of America at the office of the Fiscal Agent of the City in San Francisco, California, or at the principal office of the City's paying agent in Chicago, Illinois, or New York, New York.

REGISTRATION: Coupon bonds will be issued by the City. Said bonds will be registrable as to principal only and as to both principal and interest. Registered bonds are exchangeable for coupon bonds at owner's expense as provided in the resolution.

PURPOSE: The bonds are authorized for the purpose of providing funds for the acquisition, construction, improvement and financing of improvements to the existing water system of the City.

SECURITY: The bonds are revenue bonds payable exclusively from the revenues of the enterprise (as those terms are defined in the resolution). Bidders are referred to the resolution and to the official statement for further particulars. A reserve fund has been established and will be maintained at an amount equal to the maximum annual debt service on all of the outstanding bonds of the authorized issue.

FISCAL AGENT AND PAYING AGENTS: The City has appointed the Head Office of The Bank of California, N.A., in San Francisco, California, its Fiscal Agent and the principal office of Citibank, N.A. and the office of The First National Bank of Chicago its paying agents in New York, New York, and Chicago, Illinois, respectively.

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TAX EXEMPT STATUS: In the event that prior to the delivery of the bonds the income received by private holders from bonds of the same type and character shall be declared to be taxable under any Federal income tax laws, either by the terms of such laws or by ruling of a Federal income tax authority or official which is followed by the Internal Revenue Service, or by decision of any Federal court, the successful bidder may, at his option, prior to the tender of the bonds by the City, be relieved of his obligation under the contract to purchase the bonds, and in such case the deposit accompanying his bid will be returned.

LEGAL OPINION: The legal opinion of Orrick, Herrington, Rowley & Sutcliffe, of San Francisco, California, approving the validity of the bonds, will be furnished to the successful bidder without charge. A copy of the legal opinion, certified by the official in whose office the original is filed, will be printed on each bond without charge to the purchaser.

TERMS OF SALE

HIGHEST BID: The bonds will be awarded to the highest bidder, considering the interest rate or rates specified and the premium offered, if any. The highest bid will be determined by deducting the amount of the premium bid (if any) from the total amount of interest which the City would be required to pay from October 1, 1976, to the respective maturity dates of the bonds at the coupon rate or rates specified in the bid, and the award will be made on the basis of the lowest net interest cost to the City. The purchaser must pay accrued interest from October 1, 1976, to the date of delivery. All interest shall be computed on a 360-day year basis. The cost of printing the bonds will be borne by the City.

RIGHT OF REJECTION: The City reserves the right, in its discretion, to reject any and all bids and to waive any irregularity or informality in any bid.

PROMPT AWARD: The Council will take action awarding the bonds or rejecting all bids not later than 30 hours after the expiration of the time herein prescribed for the receipt of proposals, unless such time of award is waived by the successful bidder. Notice of the award will be given promptly to the successful bidder.

DELIVERY AND PAYMENT: It is anticipated that delivery of the bonds will be made to the successful bidder at the Head Office of The Bank of California, N.A., San Francisco, California, within 30 days of the date of sale thereof.

RIGHT OF CANCELLATION: The successful bidder shall have the right, at his option, to cancel the contract of purchase if the City shall fail to execute the bonds and tender the same for delivery within 60 days from the date of sale thereof, and in such event the successful bidder shall be entitled to the return of the deposit accompanying his bid.

FORM OF BID: Each bid must be in writing, signed by the bidder and for not less than the par value of the bonds and accrued interest from October 1, 1976, to date of delivery. Each bid, together with bidder's check, must be enclosed in a sealed envelope addressed to the City Clerk of the City, City Hall, 525 Henrietta Street, Martinez, Contra Costa County, California 94553, and endorsed "Proposal for City of Martinez 1966 Water Revenue Bonds, Series C".

BID CHECK: With each bid must be submitted a certified check or cashier's check for $20,000 drawn on a bank or trust company transacting business in the State of California, payable to the order of the City to secure the City from any loss resulting from the failure of the bidder to comply with the terms of his bid. The deposit of each unsuccessful bidder shall be returned to him promptly by mail upon the award of the bonds. No interest will be paid upon the deposit made by any bidder.

NET INTEREST COST: Bidders are requested, but not required, to supply an estimate of the total net interest cost to the City on the basis of their respective bids, which shall be considered as informative only and not binding on either the bidder or the City.

CUSIP NUMBERS: It is anticipated that CUSIP numbers will be printed on the bonds but neither the failure to print such numbers on any bond nor error with respect thereto shall constitute cause for a failure or refusal by the purchaser thereof to accept delivery of and pay for the bonds in accordance with the terms of the purchase contract. All expenses in relation to the printing of CUSIP numbers on the bonds shall be paid by the issuer; provided, however, that the fee of the CUSIP Service Bureau for the assignment of the said numbers shall be the responsibility of and shall be paid for by said purchaser.

NO LITIGATION: There is no litigation pending concerning the validity of the bonds, and the City will furnish to the successful bidder a no-litigation certificate certifying to the foregoing as of and at the time of the delivery of the bonds.

OFFICIAL STATEMENT: The City has prepared an official statement, a copy of which will be furnished upon request addressed to Stone & Youngberg Municipal Financing Consultants, Inc., Suite 2750, 1 California Street, San Francisco, California 94111, the City's financing consultants.

Dated: October 6, 1976

Lawrence J. Kowalski, *City Clerk*
of the City of Martinez

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